



## MEMORANDUM

**DATE:** April 25, 2018

**TO:** USAID/Guatemala Mission Director, John Beed

**FROM:** Regional Inspector General/San Salvador, Audit Manager, Brad Moore /s/

**SUBJECT:** Closeout Audit of Instituto de Nutrición de Centro América y Panamá's Management of the Program to Provide Administrative and Logistic Support for Implementation of the Encuesta Nacional de Salud Materno Infantil-ENSMI 2013-2014, Cooperative Agreement AID-520-IO-15-00003, November 21, 2014, to September 30, 2017 (I-520-18-019-R)

This memorandum transmits the final audit report on the Program to Provide Administrative and Logistic Support for Implementation of the Encuesta Nacional de Salud Materno Infantil-ENSMI 2013-2014. Instituto de Nutrición de Centro América y Panamá (INCAP) contracted with the independent certified public accounting firm Arévalo Pérez, Iralda y Asociados, S.C. to conduct the audit. The contract required the audit firm to perform the audit in accordance with generally accepted government auditing standards and the OIG Guidelines for Financial Audits Contracted by Foreign Recipients.<sup>1</sup>

The audit firm states that it performed the audit in accordance with generally accepted government auditing standards, except that Arévalo Pérez, Iralda y Asociados, S.C. did not participate in an external quality control review program. The audit firm is responsible for the enclosed auditor's report and the conclusions expressed in it. We do not express an opinion on INCAP's fund accountability statement; the effectiveness of its internal control; or its compliance with the award, laws, and regulations.<sup>2</sup>

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<sup>1</sup> On June 30, 2017, USAID OIG rescinded its Guidelines for Financial Audits Contracted by Foreign Recipients, recognizing the Agency's role to impose requirements on its implementing partners and contractors as a management function. This contracted audit, however, was initiated before that date and follows the Guidelines.

<sup>2</sup> We reviewed the audit firm's report for conformity with professional reporting standards. Our desk reviews are typically performed to identify any items needing clarification or issues requiring management attention. Desk reviews are limited to review of the audit report itself and excludes review of the auditor's supporting working papers; they are not designed to enable us to directly evaluate the quality of the audit performed.

The audit objectives were to (1) express an opinion on whether the fund accountability statement for the period audited, was presented fairly, in all material respects; (2) evaluate INCAP's internal controls; and (3) determine whether INCAP complied with award terms and applicable laws and regulations. To answer the audit objectives, the audit firm reported that they assessed and tested the internal controls related to the project, compliance with applicable laws, regulations, the agreement's provisions and reviewed project expenditures. The audit covered \$1,884,502, in USAID expenditures for the period ended September 30, 2017.

The audit firm concluded that the fund accountability statement presented fairly, in all material respects, program revenues and costs incurred under the award for the period audited.

Arévalo Pérez, Iralda y Asociados, S.C. did not identify any material internal control weaknesses or instances of noncompliance with applicable laws and regulations and agreement terms.

Based on the results of the desk review, OIG is not making any recommendation to USAID/Guatemala's management.

We appreciate the assistance extended during the engagement.

OIG does not routinely distribute independent public accounting reports beyond the immediate addressees because a high percentage of these reports contain information restricted from release under the Trade Secrets Act, 18 U.S.C. 1905 and Freedom of Information Act Exemption Four, 5 U.S.C. 552(b)(4) ("commercial or financial information obtained from a person that is privileged or confidential").